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NEGOTIATING

MAGAZINES

Between yes and no lie the maybes that make or break a magazine buy. Here's how to give all the right answers.

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Yes or no, there's a right way and a wrong way to arrive at the answer. The rules of magazine negotiation are still being written, but some basic truths emerge from conversations with buyers and sellers. Do think long-term — put away the boxing gloves and put on your thinking cap when approaching a deal. Don't sit back and see what's offered — tell publishers up front what it is you need. And fight fair for your share — you'll get the inside track if you do. Here's a status report on the emerging art of print negotiation (pg. 27), with advice on how to say yes (pg. 30) and no (pg. 36), the anatomy of a deal (pg. 34) and a rating of agencies' rate-negotiation skills by advertising category. Print-heavy categories are among the least satisfied.

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Buyers are eye-deep in paperwork when it comes to posting cable buys, and even then they're not sure they get what they buy. Is there any way out of the administration mess? So far, it's slow going.

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Cover illustration by Jean-Francois Allaux

HOW

SAY

It's a fact of life. Except for a few cranky souls out there, people just don't like saying no, at least most of the time. They certainly don't like hearing it. But with budgets growing ever tighter, agency media executives are finding that they have to dish out a lot more rejection than they'd like these days, especially to magazine sales reps.

With hundreds of new magazine titles each year joining the ranks of established books, all vying for a share of mostly flat or decreasing print budgets, print buyers are shaking their heads a lot more than they used to.

"It's the most difficult part of a media planner's or buyer's job," says Times-Mirror director of marketing services Paul Zuckerman, a former print specialist at DDB Needham. "It is easy to tell people why they did get business, but planners are afraid to tell them why they didn't."

Such fear is natural — people detest rejection and avoid it at all cost. But for agency magazine buyers, especially younger, less-experienced ones, it is even more complicated because along with the "no" must come a valid explanation.

"It's an issue of self-confidence," insists Hal Riney & Partners media director David Verklin. "The issue is whether they have been given the tools to say no with confidence, and whether they have a plausible rationale to back it up."

Either because they lack the resources to do so, or because it reflects some agencies' corporate cultures, Verklin doesn't believe that most media departments provide such tools to their magazine buyers. "Hence we end up with the stereotype of a bunch of 22-year-olds hiding behind their cathode-ray tubes making media plan decisions that are based solely on a number."

Verklin argues that numbers, far from being a fool-proof defense when turning down a buy, offer a bad form of rationalization. "A lot of the judgments we make — on editorial quality, graphics, reproduction quality, positioning, value-added, relationship with the readers — are just that. They are the easiest things to defend, because they *are* judgments. You can always debate a number, but how do you debate a judgment?"

Even worse than reducing a rejection down to a number is avoiding the rep altogether. "Probably the biggest frustration that most reps have is getting no answer at all," says Grey Advertising media director Alec Gerster. "The worst way to say no," he adds, "is by having them see your ad running in their competitor's pages."

As much as you might think otherwise, you aren't being nice to reps by not giving them a no, explains Lora Gier, Midwest advertising manager of *Esquire* magazine. "They think they are doing us a favor by leading us on, but actually, they are doing us a disservice. But that's human nature," she says of the dodge.

"Everybody has a problem saying no, but we don't want them to say nothing at all, because then we don't know where we stand," adds *Men's Life* publisher Leo Scullin, a former print specialist at Young & Rubicam. "When it comes time to close a magazine's issue, you really start pushing the pedal to the metal, and suddenly you discover that eight out of ten holds are really 'nos.' You want those things to happen sooner." Besides playing havoc with a magazine's planning, Scullin says that stringing a rep along diverts his or her energies from other, possibly more productive accounts.

So while there is no one right way to say no, magazine sales and media-department managers suggest the following pointers:

- Say it, and say it fast. Keeping reps hanging only wastes their time and yours. It also diverts their energies from prospects with greater potential.
- Never say maybe if you mean no. It gives the rep false hope and encourages them to work harder for the business.
- Give a good explanation of your rationale, being as specific as possible about what criteria the rep fell short on. Ideally, it should be something plausible enough to satisfy their sales management. It also will encourage them to think more creatively the next time they pitch your business.
- Don't hide behind numbers and don't be

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McCann-Erickson. Barbara Ames, Johnson & Johnson. Gary Martin, DMB&B, Detroit. Ed Weiner, Avrett, Free & Ginsberg. Eric Andrews, DMB&B. Al Jacobsen, Carratiello & Diehl. Sandy Golinkin, *Departures*. Liz Stern, *Health*. Bert Cobe, *Golf Illustrated*. FAIREST SELLERS: Nancy Cole, *Reader's Digest*. Milt Lieberman, *Parade*. Bill McDermitt, *McCall's*. John

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by Joe Mandese

afraid to use value judgments such as editorial environment, or circulation quality as a rationale, as long as you can back them up.

● Listen to their appeals. You may learn something that you missed the first time around.

All this assumes, however, you're allowed to say anything at all. Some agencies have tried to isolate their magazine buying staffs from sales reps because of reduced media department manpower and a concern over exposing young media executives to sophisticated and sometimes tenacious sales representatives. The situation has grown particularly dire in recent years as the volume of new and existing magazines outpaces a shrinking pool of agency planners and buyers working with relatively flat print budgets. And many agencies have adopted the print negotiating policy of allocating a higher share of their print budgets to the most competitive magazines, which means there are more nos being delivered by fewer people.

To offset the impact on media department manpower, many agencies have begun utilizing written request-for-proposal (RFP) forms to weed the long-lists of prospective magazine titles down to the short-list for their media plans. The practice has enabled agencies to process a greater volume of magazine pitches, but with much less human contact.

Another popular technique for screening the volume of magazine titles vying for a place on a brand's print schedule is the so-called cattle-call approach, in which a multitude of titles are invited into the agency for quick, back-to-back presentations.

While neither of these practices are intended to replace the ongoing, year-round contact that magazine reps try to maintain with their planning counterparts, they do have the effect of reducing human back-and-forth between the rep and the planner. Consequently, it reduces the opportunities to give a direct no to a rep when they lose the business.

"What we are trying to do is keep our planners away from the repetitive, never-ending sales calls," explains J. Walter Thompson director of media services Richard Kostyra. "We cannot go on and on and on listening to their arguments. We have to make a decision."

As Campbell Soup's director of media services George Mahrlig notes, there is a pragmatic side to such practices. As long as a magazine title looks like it might potentially benefit a Campbell's brand, the marketer and its agencies will entertain pitches from its reps. But if the title doesn't fit into Campbell's overall strategy, he says they cut the relationship off to avoid wasting either side's time.

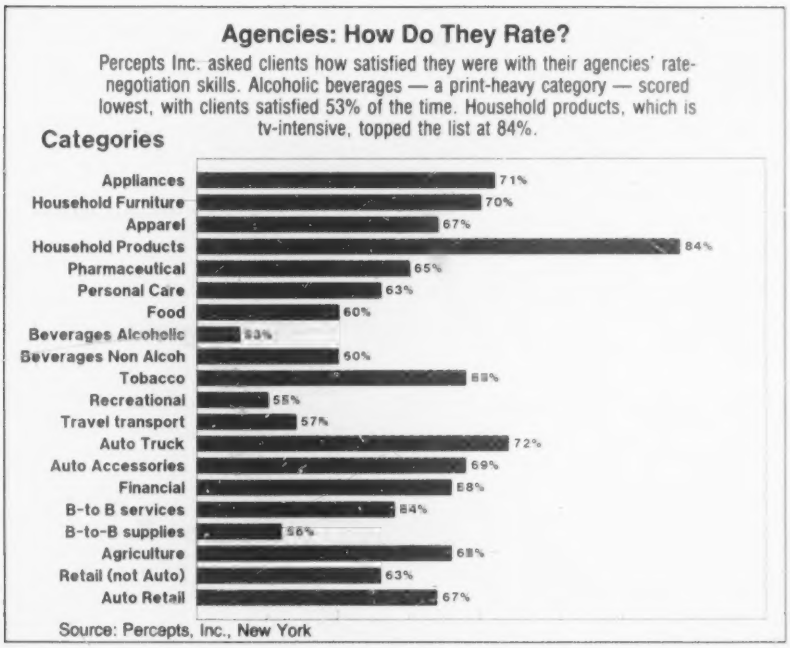
"For instance," says Mahrlig, "we are not using any male-targeted print. Until we do again, we want to tell these people that it's not worth it for either of us to invest our time. But we would not want to cut the women's service books off quite that way. We don't mind spending time cultivating ideas with people who are in our purview, but *Popular Mechanics*? No thanks."

Besides saving time and energy, some media managers have found that the seemingly bureaucratic systems like cattle-calls and RFPs can take care of much of the initial negotiating involved in developing competitive plans these days. Using an RFP approach, for instance, New York agency Partners & Shevak initially screens titles without any direct contact with a magazine's reps. Not only does the concept, which the agency refers to as "pre-planned negotiation," do away with a planner having to deliver a face-to-face no to a rep, but it saves the agency time haggling over price, positioning, merchandising and the rest of the components that make up today's magazine deals.

"We still do the initial magazine efficiency evaluations by looking at syndicated research," explains P&S media director Charles Parlato, noting that that process enables the agency to come up with a "short-list" of say 20 titles. These books then are invited by letter to pitch the business, including all of the negotiated components. "What we're doing is asking the people on the short-list to win the business in competition with the other magazines," he adds.

When all of the proposals are submitted, P&S's planning department sifts through them to develop its final recommendation, which it attaches along with all of the pro-

Gerge Del Grosso, Y & R. Jeri Dack, Altschiller/Reitzfeld Davis. Sarah Crowley, Hill, Holliday. Ronni Beason, J. Walter Thompson. Irwin Srob, Saatchi & Saatchi. Cathy Stadlin, Thomas J. Campbell, *Business Week*. Mary Berner, *TV Guide*. Mary Muller, *New Woman*. Susan Small, *Glamour*. Richard Free, *Home*. Susan Baron, *McCall's*. BEST SELLING NEGOTIATORS


Agencies: How Do They Rate?
Percepts Inc. asked clients how satisfied they were with their agencies' rate-negotiation skills. Alcoholic beverages — a print-heavy category — scored lowest, with clients satisfied 53% of the time. Household products, which is tv-intensive, topped the list at 84%.
Categories
Appliances 71%
Household Furniture 70%
Apparel 67%
Household Products 84%
Pharmaceutical 65%
Personal Care 63%
Food 60%
Beverages Alcoholic 53%
Beverages Non Alcoh 60%
Tobacco 68%
Recreational 55%
Travel transport 57%
Auto Truck 72%
Auto Accessories 69%
Financial 68%
B-to B services 64%
B-to-B supplies 56%
Agriculture 68%
Retail (not Auto) 63%
Auto Retail 67%
Source: Percepts, Inc., New York

posals and sends to its client for approval. While this process might seem sterile, Parlato says it actually is more fair to reps than most other systems.

"The publication doesn't have to come back and fight against a plan that the agency has already sold," Parlato explains. "Once an agency writes a recommended proposal, it is very difficult for a magazine to go back and change it."

Others, however, feel that such systems reduce the kind of "qualitative" insights that only direct contact with a magazine rep can offer. "This is all being done for efficiency and cost-containment reasons. It's not being done to develop better magazine plans," insists HR&P's Verklin. "With these ivory-tower approaches, media plans are being developed without any ongoing dialogue between the media planner and the magazine salesperson. They fail to allow a media person to get a true qualitative understanding of what a magazine is all about."

That's not to say that HR&P doesn't employ some of those very same techniques. In fact, the agency recently went through one of the biggest RFP processes ever conducted. The systematic technique was used to develop a magazine schedule for the launch of client General Motors' new Saturn car line this month. However, HR&P's approach was very personal and was designed to maintain constant, almost incessant dialogue between its planners and the magazine reps.

It all began with Saturn's "Media Day," on which HR&P invited any magazine interested in pitching the Saturn business to attend a one-day briefing on the brand's goals and objectives. About 320 magazines — "from *Sesame Street* to *Playboy* to *Time*" — were given "a shot at the business," according to Verklin.

Moreover, each magazine was assigned a "media guide," someone in the media department who was their personal liaison on the review. Each of the 16 people in the Saturn media group were assigned 20 titles to work with throughout the pitch.

Verklin says they maintained regular dialogue with their reps, updating them when they fell short competitively. "When obstacles came up, the reps knew where they could put their efforts toward trying to overcome an objection vs. just trying to pitch a magazine."

After the initial evaluation of the titles on the broad list, HR&P cut the list down to 70, which participated in much more detailed meetings dealing with things like positioning packages, merchandising and additional data analysis.

"When we made our final decisions, we got on the phone with every rep who pitched the business. Each one got an explanation from a media planner about how we made our decision," says Verklin. The reps were invited to appeal the decision if they felt it was made unfairly, or if they had new insights to offer.

Verklin acknowledges that HR&P's process is much more time consuming than the systems employed by other agencies, but he maintains that it generates better magazine plans and provides other long-term dividends by maintaining good relationships with the sales-rep community. "We want to be thought of as the most polite media department in America," he says.

The benefits of such an approach, whether a book makes the cut or not, are many, he adds, including better service and stewardship of his client's magazine schedules, first crack at special opportunities and new ideas from reps, greater assistance when a client needs favors like getting in or out of a book at the last minute and "more of a long-term mentality. They're trying to build a relationship with us."

Others admire HR&P's openness with the rep community, but say they prefer to keep their magazine planning process closer to the vest for strategic reasons. "My philosophy is to let a rep know where they stand when you can, but that's not always easy, because once they are told that they are not being bought, they want to know who is being bought. And I have mixed emotions about revealing that," explains Laurence, Charles, Free & Lawson director of media services Robert Adler.

"From a strategic point of view, I cannot let it get out that I have eliminated consideration of a certain magazine, because I will lose some negotiating leverage with the magazines that I am seriously considering," adds Levine, Huntley, Schmidt & Beaver media director Ed Ronk.

Still others feel this "closeted" magazine planning process fosters poor communication between reps and agency planners, which encourages sales reps to be even more tenacious about going after their business.

"The real problem is when someone hears about a piece of business at the last minute," explains *Condé Nast Traveler* publisher Ron Galotti. "The agency is going into planning and all of a sudden 250,000 reps call one media person. It's physically impossible for one person to field that kind of activity. But if you have relationships that are founded on good, solid work done on a 365-day-a-year basis and not the day that someone is going into planning, the business will get done a lot more professionally." ■

Lipton. BEST BUYING NEGOTIATORS: Tyler Shaeffer, FCB/Leber Katz. Reina O'Connor, Rockport Shoes. Donna Campanella, Lintas. Bruce Honig, Western Media. Donna Galotti, *Ladies' Home Journal*. Pete Spina, *The National*. Michael Peterson, *Colonial Homes*. Marc Bertholet, *People*. Steve Burzon, *Met Home*. JaneYoung, Atlantic.

GOLLY GEO

Chevy couldn't beat the small-car imports, so it joined them to create a spunky new brand family.

by Brian Bagot

Under Michael Erdman, Geo's global partnership netted a sales jump of 62% in the '90 model year.

GM's Saturn has been dubbed the import-buster, and all eyes are on its launch this month to see whether the auto giant can steal back share from its foreign rivals. But guess what? Elsewhere in GM, it already has.

Chevrolet's family of Geo compacts and sub compacts — which enlisted import makers to appeal to import buyers — gained more than five percentage points in small-car market share for the calendar year through August 1990. Geo accounted for 12.8% of the 1.6 million small cars sold in that period, up from 7.6% share for the same period in 1989.

Most of the gain came from its established models, though the Tracker's introduction added 26,158 units to the brand's 201,003 eight-month total. Meanwhile, Ford, Chrysler, Nissan, Subaru and Hyundai lost share of the small-car market in that same period. (See chart, page 50.)

Feeling the pinch from imports in the small-car class, Chevy introduced Geo in '88 as part of an effort to get import-oriented consumers, as well as those who were undecided about imports, into its showrooms. Since then, the four-model line has exceeded most industry watchers' expectations, and at least met the sales expectations of Chevy's then marketing head.

"I'm not disappointed," says Mike Erdman, who was general marketing manager for the Chevrolet Motor Division until last month, when he was named vice president of sales and marketing for General Motors Canada. "We always want to have a bigger share of the market. I don't think the day will come when a marketer will tell you he's happy. But I'm satisfied with the progress we've made since '87, and we're on track to do an even better job."

Apparently, it takes more than a 62% increase in car sales from the '89 to '90 model year to get Erdman excited. For the full '90 model year, GM says 271,001 model year '90 Geos were sold. That compares with 167,695 the year before.

With increases like that, the cars have been blowing the doors off just about everybody else in the segment, which contributes 36% to the overall car market. Only Toyota and Honda are making similar gains.

Even though the Geo brand pulled into the scene in '88, its journey began way before then. Chevy was watching its domestic sub-compact entry, Chevette, skid as imports made significant inroads into that market. In the '87 model year, Chevy had only a 6.5% share of the small-car segment.

"Our research told us that there were in fact a number of people who were import intenders, and we concluded that some of those import-intenders would never go into a domestic dealership," says Erdman.

GM management reasoned that by entering into joint ventures with importers, dealers could get a shot at the import-oriented consumer. "We saw an opportunity to bring people into the dealership who we would not normally get a chance to see," Erdman explains.

The first joint venture was with New United Motor Manufacturing Inc., or NUMMI, an arm of Toyota, to manufacture the Nova. Isuzu was next with the creation of Spectrum, followed by Suzuki with Sprint. There were three joint ventures in the space of about 18 months, with the cars advertised as "import-inspired," according to Erdman. All but the Nova were manufactured overseas.

But the Chevy imports stalled in the showrooms, and its share of the subcompact segment dropped to 5.4% in '88. "When they were trying to market the cars under the Chevy label by model, the marketing effort was a failure," says Philip Fricke, first vice president of Prudential Bache Securities. "For whatever reasons, sales were terrible. The cars fell between the cracks, and Chevrolet wanted to establish a very clear identity for these models."

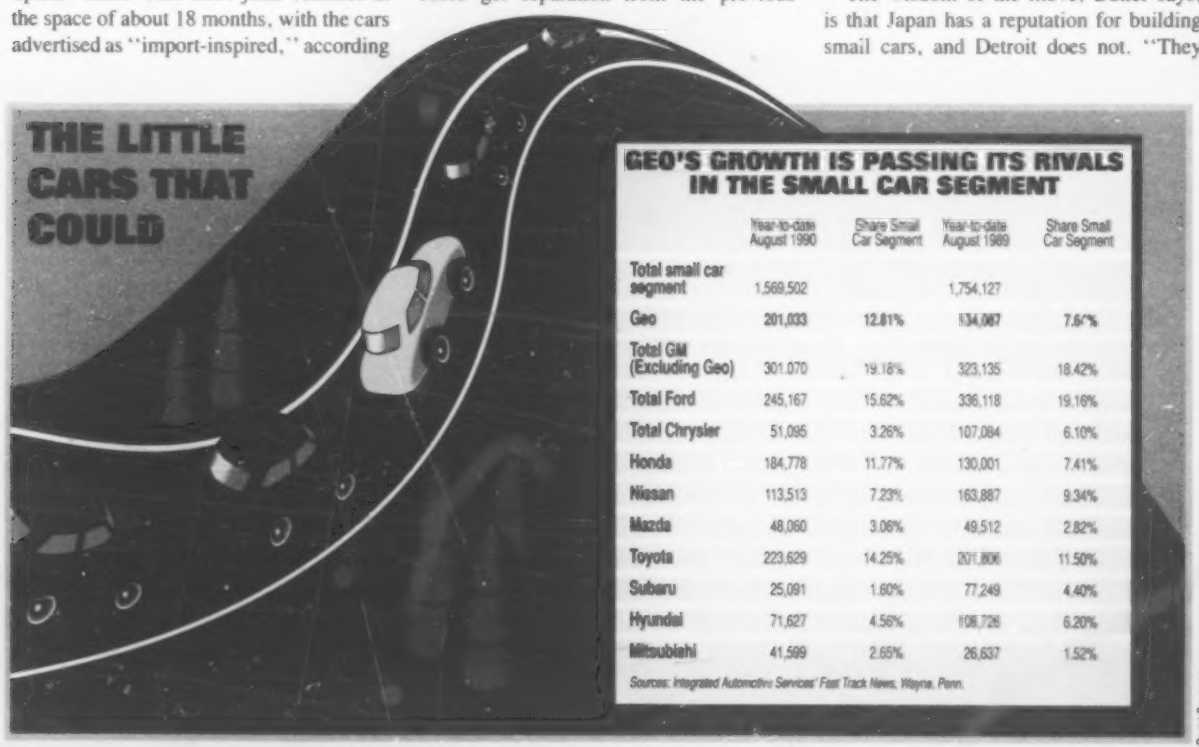
GM decided to develop a separate brand marketing plan for the vehicles, and thus Geo was born. The model names were also changed, giving the entire line a clean slate. "With Geo as the umbrella, we had the opportunity to use our resources talking about Geo as a family of vehicles. We changed the names inside the family so we could get separation from the previous nameplate," states Erdman.

As Chevy revved up for the change, its dealers had to be sold on the idea. Erdman acknowledges their skepticism — after all, GM was not only layering on the Geo label, but the names of the cars were changing and the launch dates of the individual models were to be staggered because of availability.

"We were saying to them: 'We're putting a Geo umbrella out there, and incidentally, that Nova you're selling? We're going to call that Prizm, and we will not get that to you until March of '89. And instead of selling the Sprint, we're going to call that the Metro. That won't get to you until October of '89. And by the way, we're also going to bring in a utility vehicle, the Tracker, and we have only about 10,000 of those and won't get those until spring of '90. And incidently, the Spectrum is now going to be the Storm, and that is not going to get to you until the fall of '89.' Some of our dealers had their doubts, and rightly so from their standpoint," Erdman explains.

One of those dealers was John Butler, sales administrator at Pine Belt Chevrolet, Lakewood, N.J. "We couldn't understand why they just couldn't call it Chevrolet. As it worked out, they were right, because it has become a very, very important part of our business."

The wisdom of the move, Butler says, is that Japan has a reputation for building small cars, and Detroit does not. "They



GEO'S GROWTH IS PASSING ITS RIVALS IN THE SMALL CAR SEGMENT

	Year-to-date August 1990	Share Small Car Segment	Year-to-date August 1989	Share Small Car Segment
Total small car segment	1,569,502		1,754,127	
Geo	201,033	12.81%	134,067	7.64%
Total GM (Excluding Geo)	301,070	19.18%	323,135	18.42%
Total Ford	245,167	15.62%	336,118	19.16%
Total Chrysler	51,095	3.26%	107,084	6.10%
Honda	184,778	11.77%	130,001	7.41%
Nissan	113,513	7.23%	163,887	9.34%
Mazda	48,060	3.06%	49,512	2.82%
Toyota	223,629	14.25%	201,806	11.50%
Subaru	25,091	1.60%	77,249	4.40%
Hyundai	71,627	4.56%	108,726	6.20%
Mitsubishi	41,599	2.65%	26,637	1.52%

Sources: Integrated Automotive Services' Fast Track News, Wayne, Penn.

David Speranza

knew they couldn't build a good small car because they had dropped the ball a few times with the Monza, the Vega, what have you. And so they went with what the world recognizes as the pros, and that's the Japanese."

Not all Chevy dealers had to pick up the Geo franchise, but out of 4,900, only 700 aren't selling the line. And as Erdman explains, "In most cases, the dealers who opted out were smaller dealers in remote parts of the country."

Today, NUMMI produces the Prizm in Fremont, Calif. The Storm is built by Isuzu Motors in Fujisawa, Japan. The Metro LSi

convertibles are built by Suzuki in Kosai, Japan. All other Metro models and the Tracker are built by CAMI, a GM-Suzuki joint venture in Ingersoll, Ontario, Canada. All are sold and serviced by a nationwide network of Chevrolet Geo dealers.

"I consider it at this point a totally integrated process, with tremendous support from our dealer organization," Erdman says.

Each car is designed to appeal to a particular consumer. The biggest seller is the Prizm, essentially a clone of the Toyota Corolla. The Prizm retails for $9,680 for a four-door hatchback sedan, about $700 more than the entry-level Corolla, which has fewer cosmetic appointments. It roared away with 105,878 sales in the '90 model year and is targeted at the practical buyer.

The sporty Storm is the second-best seller in the line, with just under 75,000 '90 models sold. Here the aim is to hit younger, mostly single female drivers with a $10,670 sticker price for a 2+2 sports coup.

With a sticker price of $6,795, the Metro is for the economy-minded buyer. It's also the fuel-economy leader among all Chevy vehicles. Metro sold 64,041 units for the '90 model year.

Geo's Tracker is a sport-utility vehicle that has captured 4% of the total truck market, of which sport-utility vehicles make up about 14.6%. The 1990 Tracker climbed its way to 26,158 sales with a suggested retail price of $11,285 for a four-wheel-drive, hard-top model.

The demographic makeup of the "import intender" group that GM identified as its target is varied, but the age range is 18-34. Network tv received $32.5 million in the 12 months ended June 1990, according to Leading National Advertisers, while spot tv received $17.8 million in the same period. Regional support goes to markets where there is high ownership of imported cars, such as the West Coast, the Northeast and Chicago.

The Geo campaign is a combination of broad umbrella and highly targeted strategies. "We try to look for a balance," says Tony Hopp, executive vice president, Chevrolet account director for Lintas: Campbell-Ewald. "Obviously, when you're trying to establish a new brand and four nameplates, you need mass-oriented print and television. In our regional programs, we look at an individual ADI at a time."

The advertising establishes Geo's personality as a "fun" line of cars. "It's important to put significant weight against, 'What is this new brand?' and 'Where do I find it?' and 'Why should I be interested?'," Hopp says. "We're establishing awareness and trying to get Geo on the shopping list."

An umbrella print ad says that in the '70s we got to know a small Japanese car company called Toyota, and in the '80s it was Honda. Now for the '90s we have Geo. Hopp describes this strategy as a "leveraged pull up."

The magazine campaign cost $7.8 million during the 12 months ended June 1990, according to LNA, and included titles aimed at the 18-34 demo, such as *Rolling Stone*, *People* and the newsweeklies.

There are also the executions targeting the specific markets for individual models.

Hopp says that each car is aimed at a specific segment of the market. "We have a very vivid portrait of a Geo customer, as opposed to a picture," he explains. "With the portrait, you get many more nuances and a psychographic understanding of who the person is and how the vehicle fits into his or her lifestyle."

The Storm is targeted at young females, and the print plans includes such lifestyle-oriented titles such as *Cosmopolitan*, *Elle*, *Spin*, *Outside*, *Premiere* and *Ski*, according

Ads create a fun personality for the four Geo models.

to Katie Kiyo, vice president and associate media director.

Young lifestyle also drives the tv buy as the media strategy is built around programing aimed at the 18-34 viewer.

"On prime time we're looking for shows like *Roseanne*, *Who's the Boss*, *The Wonder Years*, the younger skewing programs," says Judy Sawyer, senior vice president, group media director. Other programing includes late night fare such as *Friday Night Videos*, *Saturday Night Live*, *Arsenio Hall*, as well as alternative routes like Fox, MTV, Nick at Night and USA.

The 1991 media campaign is expected to place less emphasis on the specific models and be more brand oriented.

For now, plans are to keep Geo as a U.S. line (with the exception of Prizm, which is exported to Taiwan). But down the road, Geo might live up to its global-sounding name. A spokesman for GM's international export division says, "We're looking at these various markets. We've got some studies going on."

For now, it's enough to have made a hard drive into a problem segment. ■

BRAND REPORT

SLOW FADE

Once the uniform of cowboys, miners and rebels, jeans made it into the mainstream. But are they falling out?

Last year, the industry sold 350 million pairs, enough for every man, woman and child in America to be walking around in new duds . . . and then some. But the market has faded considerably from its peak in 1981, when designer jeans helped propel the market to 520 million pairs, according to the KSA/NPD Purchase Panel. The basic problem is that 14-to-24-year-olds, the core market for jeans, are a shrinking segment of the population. Older consumers still wear them, but mostly on weekends, and they don't go through as many pairs as they did in their youth.

The four leading brands control just over half of the $6 billion jeans market. According to industry estimates, Levi has 22% of the market, Wrangler has 13%, Lee has 11%, and Gitano has 5%.

The rest of the market is made up of an almost uncountable number of brands, including Bugle Boy, Calvin Klein, Polo and Guess, where jeans are only part of the product mix. Their ad spending is done mostly on image-oriented campaigns that include other types of apparel and products, and so don't show up in jeans spending figures. Guess, for instance, spent a total of $12.1 million on sportswear, with jeans falling into that category. Private labels from retailers such as Sears, J.C. Penney and The Gap make up another 20%-25% of the market.

"There's an endless assortment of all others," says Levi's corporate marketing manager, Dan Chew. "All the designer brands, even at the peak, only had about 7% of the market. Most people don't know that because of all the hype around the advertising, but that's what it added up to."

Blue denim still makes up 70% of the market, according to KSA/NPD Purchase Panel, but the hottest looks now are stonewashed, oversized and distressed jeans. Colored denim makes up another 20%, while other types, including corduroy, make up the balance.

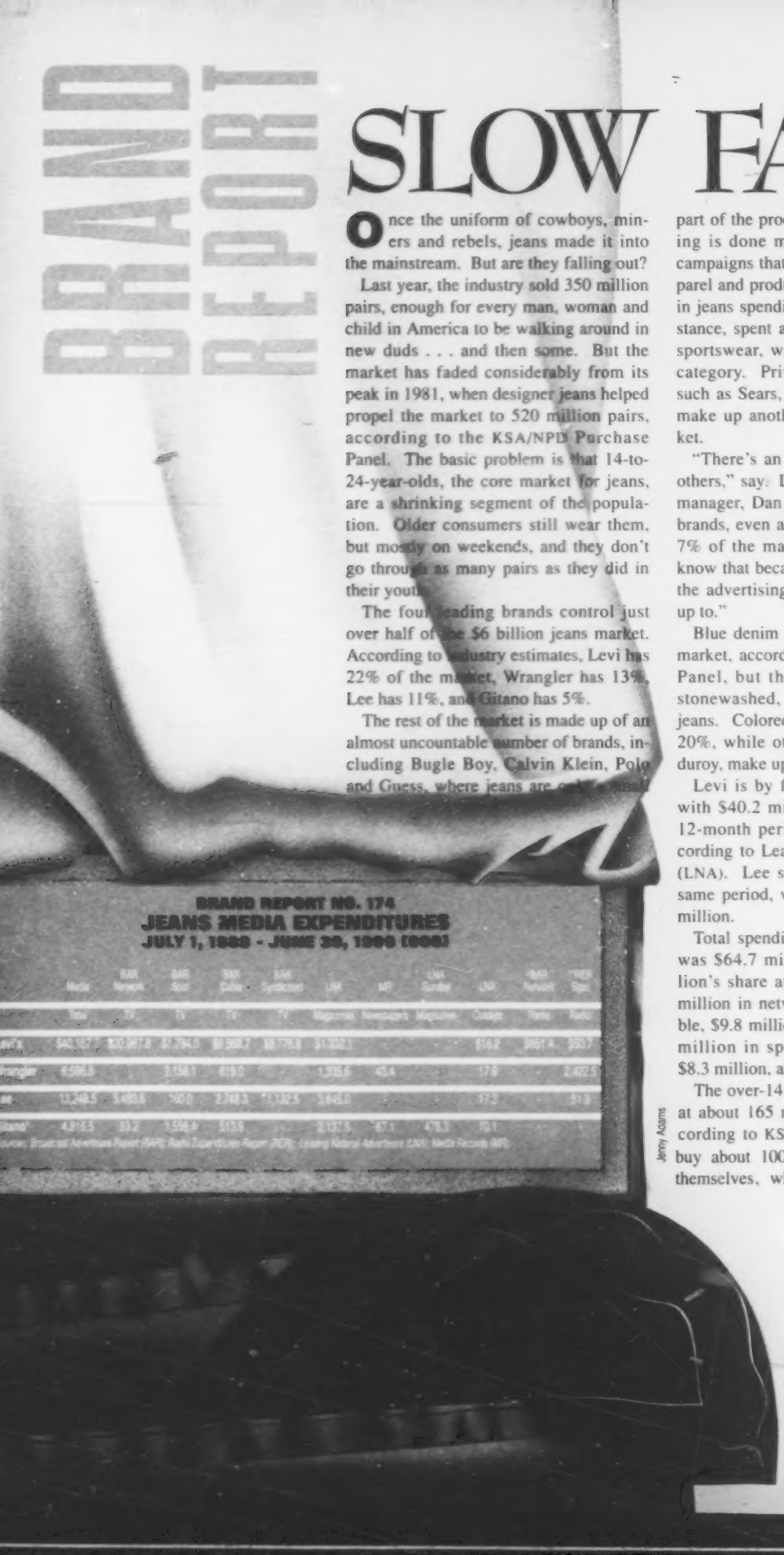
Levi is by far the biggest advertiser, with $40.2 million in spending for the 12-month period ended June 1990, according to Leading National Advertisers (LNA). Lee spent $13.2 million in the same period, while Wrangler spent $6.6 million.

Total spending by the top four brands was $64.7 million. Television got the lion's share at $52.8 million, with $27 million in network, $10.5 million in cable, $9.8 million in syndication and $5.7 million in spot. Magazines received $8.3 million, and spot radio $2.5 million.

The over-14 male market is the largest, at about 165 million pairs annually, according to KSA/NPD. Females over 14 buy about 100 million pairs a year for themselves, while the kids' market accounts for 75 million pairs. Interestingly, women make most of the purchases — 82% of the jeans sold, according to Lee's market research, which other jeans producers confirm.

The male and female markets are both a mixed bag of consumers

by Brian Bagot



Jenny Adams

who want tradition, fashion or just a comfortable fit. And then there are the fickle kids, whose buying power is growing.

"We used to advertise to moms, but increasingly, these young boys and girls are making the purchase decisions themselves," explains Chew. "So the past couple of years [we] have focused on them through media they use."

Levi reaches 7-11-year-olds with its "Wild Creatures" campaign, which shows groups of (mostly) boys doing everything from skateboarding to basketball. John Cleese does the voice-over for the ads, which appear on Saturday morning programs and Nickelodeon. The print buy for this target includes *Sports Illustrated for Kids* and *Boy's Life*.

To reach its core audience of 14-24-year-olds, Levi recently signed film maker Spike Lee. He is directing a series of commercials for a $20 million media buy around the 501s. Lee also provides voice-over in the spots, asking a cross section of the target what they do in their 501s.

"We chose him for two reasons," says Chew. "We wanted the commercials to have a documentary feel, and he has a great rapport with kids. He elicited a genuine response, which we needed."

In the first of seven spots from Foote, Cone & Belding/San Francisco, two Brooklyn teenagers relay Levi's theme in what some may think is Brooklynese but is really "Is Your Fly Buttoned?" backwards: "Si Ruoy Ylf Denottub?" (Remember, it's for teenagers.) Just having dialogue is a departure for Levi's. "We wanted to hear more from the people on camera," says Chew. Levi's total tv spending is $38.2 million — 60% of all jeans advertising.

Wrangler used print to target blue-collar, 25-49-year-olds with its Rugged Wear line, and ran in titles like *Outdoor Life*, *Field & Stream* and *Sports Afield*. The ads feature a regular guy with two of his great pleasures in life — Wrangler Rugged Wear jeans and his hunting dog, uncle or water skis. "It's a lifestyle statement, and we used real people in order to portray that it's a real-person type of product," says Karen Ellis, associate media director for The Martin Agency.

The company focused in on the male reader this year, even though women often make the actual purchase. The schedule now includes *Playboy* and several hot-rod books such as *4-Wheel & Off Road*, *Hot Rod* and *Popular Hotrodding*. "The whole contention is that the woman is going out to buy, but the husband it telling her what to buy," says Ellis.

Imported jeans have been steadily increasing and now the percentage of jeans purchased is over 20%, according to KSA/NPD Purchase Panel. "A lot of people are looking to get into the market with new labels," says Jean Driscoll, director of public relations at Jeanswear Communications, an industry association. Many of the new names are from Europe and bring different looks — oversized, relaxed and used — some of which are now being offered by the top three.

But the market has matured, as have the baby boomers who helped jeans sales explode in the first place. Despite vigorous workouts, guys are realizing that once they pass the quarter-century mark, the same jeans they wore in their early 20s just don't fit the same way anymore, even if the waist is the same size.

In response, jeansmakers are offering an oversized cut to allow more room in the seat and legs. And for those who still want the slim fit, denim producers are working on stretch denim products that should be more comfortable.

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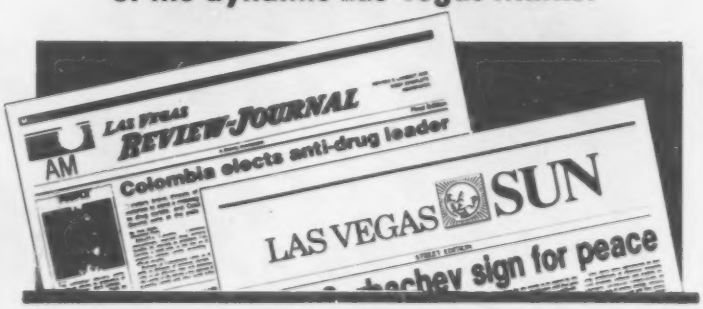

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*SOURCE: 1988 BELDEN CONTINUING MARKET STUDY

Following is a look at how the leading jeanswear companies, based on industry market-share estimates, are fitting into the needs of a changing market.

Levi's

"Ten or 15 years ago, Levi's had one national image campaign," says corporate marketing manager Dan Chew. "Now we're taking up a many-markets, one-brand strategy."

Levi's 501 campaign from Foote, Cone & Belding makes buttoning your fly a snap.

The company is segmenting its consumer target not only by age but by region, and even by ethnic group. Four years ago, Levi's launched its Hispanic campaign from Mendoza Dillon. Running primarily in the West and Southwest, the message of the campaign is that Levi's are appropriate for all occasions. "In that particular group, Levi's are worn primarily for work, and we're trying to broaden its appeal for other uses," explains Chew.

Levi's primary target is the 14-24-year-old, and that's where the 501 campaign is aimed. In addition to the national campaign, which is directed by Spike Lee, there's an animated regional campaign from Foote, Cone & Belding running in seven Eastern and Midwestern cities and markets. The regional campaign is called Levi's 501 Button Fly Guys and will run in markets where there's more opportunity to grow the 501 business.

"When we launched the 501 campaign in '84, the majority of our sales were in Western states, where people grew up with the button fly." says Chew. "We saw it as an opportunity to introduce the button-fly product to young people primarily east of the Rockies." 501s are by far the most heavily advertised jean, with $38.2 million in tv spending in the 12 months ended June '90. Programs bought included *Late Night with David Letterman*, the original *Star Trek*, *Alien Nation* and *The Simpsons*. No print was used, according to Chew, because "we found it was more efficient to reach them through tv."

Three years ago the company launched a campaign pushing its 505 and 506 jeans, which give a bit more room in the thighs for men 25-plus. The national push runs primarily on sports programming. "You name it, we're on it — ESPN, baseball, football, soccer," says Chew. Again, not much print is used because of the efficiency issue. Print spending overall for Levi's jeans totaled just over $1 million for July 1989-June 1990, according to LNA, and focuses mainly on seven-to-11-year-olds.

With about 22% of the market, Levi's jeans sales were estimated to be about $1.3 billion last year.

Wrangler

Wrangler, a division of VF Corp., hits three different segments with three different lines of jeans. This year, its main thrust is behind Wrangler Rugged Wear in markets east of the Mississippi. To hit blue-collar men 25-49 who enjoy the outdoors, Wrangler uses sports tv and sponsors B.A.S.S. Masters Inc. as well as its weekly cable fishing program. Radio also fits into the mix, with buys on AOR (album-oriented rock) and country stations.

Wrangler Western Wear, perceived as the authentic cowboy uniform, has a whopping 40% share of the Western apparel market. (They're even the official jeans of the Pro Rodeo Association.) But this year, the company is broadening out from that hardcore positioning to target the contemporary cowboy. "This is the person who is not necessarily working on a ranch, but will go to a rodeo and will aspire to a cowboy type of thing," says Karen Ellis, associate media director for The Martin Agency.

A Western original, Nolan Ryan is one of several cowboys dressing for Wrangler.

The ad campaign for Western Wear features rodeo stars and other celebrities the 18-34 audience looks up to, including Nolan Ryan, the 300-plus game winning pitcher for the Texas Rangers. "He's wearing the jeans, he's from Texas and he's a rancher. But he's also a contemporary guy," says John Schamberger, vice president of consumer marketing for Wrangler.

The campaign is print and radio. Television is not being used, except for some rodeo, because "we didn't feel it was the time with this new audience," according to Ellis.

The print schedule for Western Wear includes *Rolling Stone*, *Sports Illustrated* and *Playboy*, quite a stretch from the rodeo and equine magazines it used to buy exclusively. Print spending during the 12-month period ended June '90 was $1.4 million, according to LNA. Radio also plays a big part on AOR, country and contemporary hits stations.

Wrangler American Hero is a mass-merchant line with contemporary finishes and colors targeted to the 20-plus buyer. It's a promotional line that doesn't get much ad support, according to Ellis.

Total ad spending by Wrangler, which has an estimated 7% of the market, was $6.6 million during the 12 months ended June '90. If Wrangler's Rustler brand is included in its market-share figures, Wrangler's share jumps to 13%.

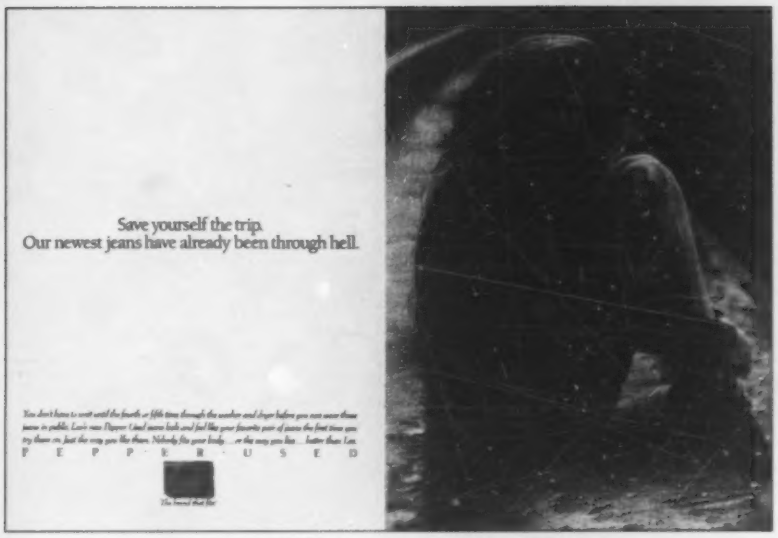
Rustler is a basic volume brand sold through discounters, according to Schamberger. Besides co-op dollars, it doesn't really get any advertising support. "It's a good traffic builder for the store," he says.

Lee

Lee competes in all segments of the market, but its advertising is geared towards the women's market. "It's a strategy that has worked well for us," says Joe Pacifico, vice president of marketing for Lee, another division of VF Corp. "We spend the majority of our advertising dollars on the female, so we get her as both a user and purchaser. She purchases a lot for children."

Total ad spending for Lee jeans was $13 million during the 12 months ended June '90, according to LNA. Network tv took the bulk with $5.5 million on soaps, giving Lee the 25-44 age group.

This year, a more diverse tv mix will be used, according to Pacifico, who says prime and late-night will be used, "giving the women a little more after she puts the kids to bed." These programs include



The brand that fits, Lee has worked its way into the lifestyles of its primary target, female jeans wearers.

Late Night with David Letterman, *Arsenio* and *thirtysomething*.

Lee also has a significant print campaign for Relaxed Riders running in titles that include *Cosmopolitan*, *Elle*, *Seventeen* and *YM*.

This year's campaign, by Fallon McElligott, places more emphasis on product benefits — comfort, fit and finish. "Over the last two years, we [emphasized] imagery and I think we may have confused our customer a little bit," explains Pacifico.

On the selling floor, Lee has taken some steps to make buying its jeans a little easier. The labeling has been redone so that it screams fit, which is the main criteria in the women's market. Some of the industry jargon has been removed, so instead of saying inverted silhouette, the label now says regular-fit straight leg. "If you don't make it easy for the consumer, you can really drive them nuts," says Pacifico.

Men make up about 30% of the business at Lee, with kids jeans picking up another 30%. Men are targeted through a product-specific print campaign for its Easy Riders and Lee Riders jeans. There's no tv, so the men are hit in *Sports Illustrated*, *GQ*, *Playboy*, *Inside Sports* and *Sports Afield*. "That's our strategy," says Pacifico. "To drive the greatest amount of expenditures at the female, but still have a men's campaign. We look at it as a competitive advantage that we're a family brand."

Total print spending for the 12 months ended June '90 was $3.6 million, according to LNA. Lee has about 11% of the $6.1 billion market.

Gitano

About a year ago, Gitano launched its "Spirit of Family" campaign, which represents a radical departure from the sultry young women that represented the brand for several years. "We realized that the product category was expanding, so we really needed to broaden our perception," says John Amodeo, president of The Ad Group, Gitano's in-house agency. "Now most of our print and tv advertising encompasses this 'Spirit of Family' positioning."

Unlike the other jeans manufacturers, Gitano is also a sportswear company for the whole family. In jeans, Gitano offers lines ranging from little girls jeans, which are called E.J. Gitano; Gitano Express targeted toward teens; and misses jeans, which are P.S. Gitano. The P.S. Gitano line is sized from petite to maternity.

The media campaign is targeted primarily at the mom and teenage girls of the family, using print and five 30-second and two 15-second tv spots. Total Gitano brand advertising during the 12 months ended June 1990 was about $4.8 million, according to LNA. Ad spending for jeans, according to LNA, was $53,000. Gitano says these figures are low, but would not comment on how much was spent during the period.

Gitano launched an $8 million brand campaign for the July, August, September and October season. All the new ads stress family. "It's extremely wholesome, and targeted toward the younger market, girls and guys," says Amodeo.

Amodeo says he's running "commercials geared toward moms" primarily on soaps. Prime-time shows include *MacGyver*, *Roseanne*, ABC Monday Night Movies and *The Simpsons*. "We're on shows that really run the gamut, because *we* really run the gamut," he explains.

In August, Gitano started a radio campaign targeting the youth market called "Singing the Blues." For this promotion, teenagers called into an 800 number to sing their summertime blues. This fall, the best, or possibly the worst, will be chosen, and the winner will get a trip. The 60-second radio commercials for the contest ran on youth-oriented pop/rock stations. ■

No longer just sexy, Gitano is celebrating the "Spirit of Family" for its line of jeans and sportswear.

COUNTER POINT POLL

TARGET: MINORITIES

PRO All marketing is targeted. One does not advertise in Denver a product sold only in Philadelphia. Neither does one market air conditioners to igloo dwellers, nor hair conditioners to the bald. There is no such thing as "the average American consumer." In the real world, people are different. And some of the things that make them different are age, race, income, interests, geography and the communities in which they live.

Successful marketing in today's highly competitive environment means knowing exactly who your consumers are, being familiar with their needs, tastes and preferences and designing products and marketing campaigns that appeal directly to their sensibilities.

Seen in this light, all consumers are members of some "minority" group, and "minority marketing" is the only kind of marketing there is — marketing designed to appeal to audiences with specific tastes, interests and demands. All consumer product companies do it. Indeed all businesses do it because it is the only way to sell products or services.

While marketing cigarettes has as little to do with a person's decision to smoke as marketing cars does with one's decision to drive, it has a lot to do with what brand consumers who already smoke choose to buy. We seek to understand the preferences of smokers in a particular market, then tailor our campaigns to meet those demands.

Should marketers of controversial products be able to address minorities?

At Philip Morris U.S.A., we do not "target" African-Americans, Hispanics, women or anyone else. But we do attempt to reach smokers in each of these audiences. Approximately one-third of adults in the United States choose to smoke — and we want all of them to smoke our brands, regardless of race, gender or geographical location. Our marketing efforts stem from a policy of "inclusion"; we include all adult smokers in our consumer universe.

Our opponents, by comparison, are often motivated by policies of "exclusion." They are not opposed to marketing in principle. But they want to exclude women and minorities from the consumer universe as far as tobacco is concerned.

Why are these people so upset when we advertise our perfectly legal products in minority publications and neighborhoods? We believe the answer lies in a lingering paternalism.

When anti-smoking groups complain about tobacco marketing to women and minorities, it is because they equate women and minorities with children. They believe women and minority group members require special protection from cigarette advertising because they are somehow more susceptible than white men.

Philip Morris believes that all adults, regardless or race and gender, are capable of making an informed decision about whether or not to smoke. We believe adults, whether women or members of a minority group, are capable of full participation in the marketplace.

Thirty years ago, when television was relatively new, advertisers really did try to market their products to that mythical "average" consumer. He was male and white (except when the product was laundry detergent) and looked like a cross between the Arrow Shirt Man and Ward Cleaver.

In the '60s, when minorities began picketing companies to get more representation in ads, far-sighted companies like Philip Morris were already advertising in the minority press and using minority models. At the same time we were praised for our vision. It is ironic that today we are being criticized for the same policies of inclusion and equality that have always guided our marketing philosophy.

John R. Nelson, Jr., is vice president corporate affairs, Philip Morris U.S.A., New York.

CON Tobacco is associated with sex and success, two things that advertising has used to sell products over the past 50 years. Yet most Americans have become more aware of the health problems associated with tobacco and are quitting as a part of an effort to lead healthier lives. To survive this trend of increased health consciousness, the tobacco industry has diversified and identified new markets. Enter Hispanic America.

The Hispanic community, relatively ignored by major advertisers, conservatively represents $134 billion in purchasing power. By the year 2000, this figure will reach more than $240 billion. This community is especially vulnerable to cigarette advertising because, until recently, few health campaigns have been targeted towards Hispanics. Moreover, most national Hispanic organizations do not focus upon health and would welcome funding from the tobacco industry.

These factors create a market ripe for harvesting. Consequently, we see the Marlboro man galloping across a center spread in an edition of *A Guide to Hispanic Organizations*. Winston is declared the brand of choice in *Hispanic* magazine. Samples of Dorado cigarettes are passed out on the streets of Hispanic neighborhoods. And at national Hispanic conferences, banners from tobacco companies are displayed with bravado while tobacco products are freely distributed.

Some characterize these examples as freedom of speech, good advertising and a smart move on the part of tobacco companies to direct-market to the Hispanic community. To responsible persons with a conscience, however, these efforts are a serious affront and represent poor long-term strategy for an industry under siege.

Just as advertising at the general public has too often missed the Hispanic community, health campaigns including anti-smoking messages, also have missed large portions of the Hispanic community. The result is the promotion of tobacco use in a population inadequately informed of its risks. To promote the use of a dangerous substance that would never be allowed on the market today is both irresponsible and cynical.

It is also morally offensive that the tobacco industry had hidden behind the cloak of the civil rights movements to validate its Hispanic-targeted advertising efforts. This demeans the civil rights movement and its leaders. The industry's saturation of Hispanic America with claims about tobacco products is all the more reprehensible when combined with its self-serving promotion as the good citizen of the Hispanic community.

A prediction: While in the short-term, targeted tobacco advertising will achieve its purpose of increased sales, in the near future, the Hispanic community will receive more health-oriented messages and will respond in a rational manner, just as it has done in the past. It can be expected that Hispanics ultimately will turn off tobacco advertising and will avoid tobacco products, just as the rest of the U.S. population is now doing.

Jeanne E. Lukas is senior vice president of U.S. Communications, Minneapolis.

POLL And you thought ad agency people were partisan! Research USA, Chicago, found media planners and buyers rather unsympathetic to tobacco and alcohol advertisers. The surprising result: almost 40% believe tobacco advertising should be altogether banned. They were more tolerant of alcohol advertising, with 22% saying it should be banned. Research USA found the same group split on whether tobacco and alcohol marketers should cut back their outdoor advertising in minority communities.

1. Do you feel that tobacco and alcohol are disproportionately pitched to minorities? (Base = 145)

Yes	35.2%
No	64.8%

2. Should tobacco and/or alcohol marketers voluntarily cut back on the amount of outdoor advertising they run in minority commuunities?

Tobacco:

Yes	51.4%
No	48.6%

(Base = 148)

Alcohol:

Yes	49.7%
No	50.3%

(Base = 147)

3. Does your agency have a tobacco or alcohol account that markets to minorities? (Base = 144)

Yes	20.8%
No	79.2%

4. What percentage of its budget is aimed at minorities? (Base = 28)

1%-4%	39.3%
5%-9%	28.6%
10%-14%	10.7%
15%-19%	3.6%
20% or more	17.8%

Average: 10.2%

5. Does your agency have a division that specializes in minority marketing? (Base = 147)

Yes	19.0%
No	81.0%

6. What percentage of your agency's billings goes to minority marketing efforts? (Base = 127)

None	38.6%
1%-4%	34.6%
5%-9%	18.1%
10%-14%	5.5%
15%-19%	1.6%
20% or more	1.6%

Average: 3.5%

7. Should tobacco and/or alcohol advertising be banned?

Tobacco:

Yes	38.4%
No	61.6%

(Base = 146)

Alcohol:

Yes	21.6%
No	78.4%

(Base = 148)

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